



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	HB0580	<b>Title:</b>	Revise unemployment insurance benefits and eligibility
<b>Primary Sponsor:</b>	Caferro, Mary	<b>Status:</b>	As Amended

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b>Expenditures:</b>				
Federal Special Revenue (03)	\$0	\$0	\$0	\$117,667
Reed Act (06)	\$9,290,397	\$9,603,372	\$606,231	\$0
UI Trust Fund (06)	\$0	\$0	\$9,459,172	\$10,458,267
<b>Revenue:</b>				
Federal Special Revenue	\$0	\$0	\$0	\$0
Reed Act (06)	\$9,290,397	\$9,603,372	\$606,231	\$0
UI Trust Fund (06)	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### Description of fiscal impact:

This bill provides unemployment insurance benefits to individuals not currently covered by the law. It is a result of the federal American Recovery and Reinvestment Act. State law changes are required to be permanent, and may not be more restrictive than the federal language. Initial funding of the benefits is provided through the American Recovery and Reinvestment Act, but ongoing funding is through the State of Montana UI Trust Fund.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Labor and Industry (DoLI)**

1. The average weekly benefit amount is assumed to be \$248 in SFY10, \$258 in FY 2011, \$268 in FY 2012, and \$279 in FY 2013 (4% increase per year) for all years in the fiscal note.
2. The average claim duration is assumed to be 15 weeks for all years in the fiscal note.
3. The department estimates there were 59,114 initial claims filed in FY 2008.

4. The department assumes claims will increase by 1% per year.

Alternate Base Period

5. The department estimates 473 individuals, or .08% of all initial claims filed, were denied benefits due to monetary ineligibility in FY 2008.
6. The department estimates individuals will file 60,302 initial claims in FY 2010, with 482 qualifying for an alternate base period, 60,905 initial claims in FY 2011, 487 qualifying for an alternate base period, 61,514 initial claims in FY 2012, with 492 qualifying for an alternate base period, and 62,129 initial claims in FY 2013, with 497 qualifying for an alternate base period.
7. The estimated cost of benefits is assumed to be \$1,793,040 in FY 2010, \$1,884,690 in FY 2011, \$1,977,840 in FY 2012, and \$2,079,945 in FY 2013.
8. Programming will be required to modify the unemployment insurance benefit system for an alternate base period. The department estimates it will take approximately 100 hours to gather requirements, 200 hours for system development, and 125 hours for testing. The personal services/benefits cost of a department IT employee is estimated at \$40 per hour. Total programming costs are estimated at \$17,000 in FY 2010.
9. The alternate base period will require gathering of wage records from employers a quarter earlier than currently required. The department assumes it will require a 0.50 FTE Band 3 employee to administer the additional workload associated with contacting employers for wage records for individuals. Salary and benefits are estimated at \$17,244 annually. Non-personal services such as rent, telephone, and indirect costs are estimated at \$5,560 annually, and one-time costs such as office supplies, furniture, and PC are estimated at \$3,400.

Allow Part-time Workers to Seek Part-time Work

10. The department does not collect information related to wage credits earned in full-time or part-time employment. As a result, the department is unable to conduct a system scan to determine estimated requirements or impact.
11. For purposes of this fiscal note, the department assumes it will experience a 1.75% increase in the number of initial claims filed as a result of allowing workers to seek part time work. Estimated additional claims are 1,055 for FY 2010, 1,066 for FY 2011, 1,076 for FY 2012, and 1,087 for FY 2013.
12. The department estimates it will pay \$3,924,600 in additional benefits in FY 2010, \$4,125,420 in additional benefits in FY 2011, \$4,325,520 in additional benefits in FY 2012 and \$4,549,095 in additional benefits in FY 2013.
13. Wage records do not indicate whether quarterly wages were earned in part time or full time employment. As a result, the department assumes it will require 1.50 FTE to investigate whether wages were earned in part time or full time employment. Salary and benefits are estimated at \$51,672 annually. Non personal services, such as rent, telephone, and indirect costs, are estimated at \$16,679 annually. One time costs, such as office supplies, furniture, and PC, are estimated at \$3,400.

Payment of Benefits to Individuals Who Leave for Compelling Family Reasons

14. Current state law limits payment of UI benefits to individuals who leave work as a result of a domestic violence situation to 10-weeks of benefits. The department assumes the 10-week limitation will be removed, and that individuals will receive the average claim duration of 15 weeks. Based upon current domestic violence claims paid at the 10-week rate, the department estimates the additional 5-weeks of benefits will be \$85,490, \$88,055, \$90,696, and \$93,417 for FY 2010, 2011, 2012, and 2013, respectively.

Provide up to 26 weeks of benefits to dislocated workers undergoing approved training.

15. The department estimates there are approximately 500 individuals' currently undergoing dislocated worker retraining. The department assumes there will be a 1% annual growth in the number of claims filed.
16. The department assumes all dislocated workers undergoing approved training will receive 26 weeks of additional benefits.
17. The department estimates the cost of up to 26 weeks of additional benefits to 500 workers will be \$3,224,000 in FY 2010, \$3,387,540 in FY 2011, \$3,553,680 in FY 2012, and \$3,735,810 in FY 2013.

18. The department estimates approximately 2,960 hours of requirement definition, development, and testing, at an estimated cost of \$118,400.
19. The department assumes that 0.50 FTE, will be required to administer the additional claims. Salary and benefits for a 0.50 FTE is \$20,688 for 0.50 FTE. Non-personal services costs such as rent, telephone, and indirect costs are estimated at \$5,824 annually for a 0.50 FTE. One-time-only costs such as office supplies, furniture, and a PC are estimated at \$3,400.
20. A 2.5% inflation factor is applied to FY 2012 and FY 2013 personal services and operating expenses.

	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>	<b><u>FY 2012 Difference</u></b>	<b><u>FY 2013 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b>FTE</b>	2.50	2.50	2.50	2.50
<b><u>Expenditures:</u></b>				
Personal Services	\$225,004	\$89,604	\$91,844	\$94,140
Operating Expenses	\$38,263	\$28,063	\$28,765	\$29,484
Equipment	\$0	\$0	\$0	\$0
Benefits	\$9,027,130	\$9,485,705	\$9,947,736	\$10,458,267
Transfers	\$0	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<b><u>\$9,290,397</u></b>	<b><u>\$9,603,372</u></b>	<b><u>\$10,068,345</u></b>	<b><u>\$10,581,891</u></b>
<b><u>Funding of Expenditures:</u></b>				
Federal Special Rev. (03)	\$0	\$0	\$0	\$123,624
Reed Act (06)	\$9,290,397	\$9,603,372	\$606,231	\$0
UI Trust Fund (06)	\$0	\$0	\$9,462,114	\$10,458,267
<b>TOTAL Funding of Exp.</b>	<b><u>\$9,290,397</u></b>	<b><u>\$9,603,372</u></b>	<b><u>\$10,068,345</u></b>	<b><u>\$10,581,891</u></b>
<b><u>Revenues:</u></b>				
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Reed Act (06)	\$9,290,397	\$9,603,372	\$606,231	\$0
UI Trust Fund (06)	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<b><u>\$9,290,397</u></b>	<b><u>\$9,603,372</u></b>	<b><u>\$606,231</u></b>	<b><u>\$0</u></b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
Federal Special Rev. (03)	\$0	\$0	\$0	(\$123,624)
Reed Act (06)	\$0	\$0	\$0	\$0
UI Trust Fund (06)	\$0	\$0	(\$9,462,114)	(\$10,458,267)

**Technical Notes:**

- Page 2, lines 4 – 6. May be too restrictive to qualify for funding under the American Recovery and Reinvestment Act. The federal language does not include a restriction of providing training benefits once every 5 years.
- Page 3, Line 24. The definition of “domestic partner” does not appear to be necessary under the current set of amendments. The term “domestic partner” is not used anywhere in Title 39, Chapter 51.

3. Page 4, lines 24-26. The definition of “immediate family member” does not appear to be necessary under the current set of amendments. The term “immediate family member” is not used anywhere in Title 39, Chapter 51.

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*Sponsor's Initials*

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*Date*

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*Budget Director's Initials*

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*Date*